

**INTERIM MANAGEMENT
STATEMENT AS OF
SEPTEMBER 30, 2021**



GATEWAY
REAL ESTATE

AT A GLANCE

KEY FINANCIAL INDICATORS

in € thousand

	01/01/ – 09/30/2021	01/01/ – 09/30/2020
Financial performance indicators		
Revenue	17,058	42,299
Gross profit	95,634	178,341
EBIT adjusted	51,611	32,207
EBT	31,254	12,875
Consolidated profit	31,427	7,134
Earnings per share in €	0.17	0.04
Financial position and liquidity ratios	09/30/2021	12/31/2020
Total assets	1,163,163	1,117,626
Equity	387,771	359,820
Equity ratio	33.3%	32.2%
Cash and cash equivalents	22,389	50,549
Net financial debt	506,908	565,960
Leverage ratio (net financial debt/EBIT adjusted LTM)	3.1	4.0
Portfolio indicators	09/30/2021	12/31/2020
Average gross development volume (GDV) in € billion	6	5
Number of projects (as of end of September)	8	21

For technical reasons, rounding differences may occur in tables and references compared to the mathematically precise values.

OVERVIEW OVER THE FIRST NINE MONTHS 2021



GATEWAY
achieves another significant increase in
consolidated profit in the first nine months of 2021

Gross development volume (gdv) amounts to

€6 billion

as of September 30, 2021

EBIT adjusted reaches

€51.6 million

in the first nine months of 2021

Consolidated profit reaches

€31.4 million

in the first nine months of 2021

Earnings per share amount to

€0.17

in the first nine months of 2021

Forecast for the full year 2021:

EBIT adj. of

€95–110 million

EBT of

€70–80 million



ABOUT US

GATEWAY REAL ESTATE AG, TOGETHER WITH ITS SUBSIDIARIES, IS ONE OF THE LEADING LISTED DEVELOPERS OF RESIDENTIAL REAL ESTATE AND URBAN QUARTERS IN GERMANY, USING RESOURCE-SAVING WOOD CONSTRUCTION METHODS. THE FOCUS OF OUR REAL ESTATE DEVELOPMENT ACTIVITIES IS ON SUSTAINABILITY AND RESPONSIBLE USE OF RESOURCES. OUR AIM IS TO MINIMIZE DETRIMENTAL EFFECTS ON THE ENVIRONMENT BY FOLLOWING A GREEN BUILDING APPROACH. THUS, WE MAKE A SIGNIFICANT CONTRIBUTION TO REDUCING THE CARBON DIOXIDE CONCENTRATION IN THE EARTH'S ATMOSPHERE.

WE DEVELOP SUSTAINABLE AND MODERN LIVING QUARTERS USING WOOD CONSTRUCTION METHOD ACROSS GERMANY, PRIMARILY IN THE TOP 9 CITIES AND SELECTED HIGH-GROWTH REGIONS.

WE ARE COMMITTED TO THE HIGHEST LEVEL OF PROFESSIONALISM AND SUSTAINABILITY IN PROJECT DEVELOPMENT AND TO DELIVERING TAILOR-MADE RISK-OPTIMIZED SOLUTIONS, AND CAN RELY ON AN EXPERIENCED MANAGEMENT TEAM. A CHALLENGING AND SUSTAINABLE PROJECT DEVELOPMENT THAT IS IN LINE WITH MARKET NEEDS REQUIRES AN INTENSE COLLABORATION OF SPECIALISTS THAT COMPLEMENT AND INSPIRE EACH OTHER. IN TERMS OF DEVELOPMENT, WE COVER THE ENTIRE VALUE CHAIN FROM THE ACQUISITION OF LAND AND PROJECTS THROUGH DEVELOPMENT AND CONSTRUCTION TO THE SALE OF THE PROPERTIES.

CONTENT

- 06 — Letter of the management board
- 07 — The GATEWAY share

- 09 — INTERIM GROUP MANAGEMENT REPORT
 - 09 — Fundamental information on the group and strategy
 - 09 — Business development
 - 10 — Financial position
 - 11 — Cash flows
 - 11 — Financial performance
 - 13 — Report on risks and opportunities
 - 13 — Report on expected developments

- 14 — INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 - 14 — IFRS consolidated statement of financial position
 - 16 — IFRS consolidated statement of comprehensive income
 - 18 — IFRS consolidated statement of cash flows
 - 19 — IFRS consolidated statement of changes in equity

- 20 — FINANCIAL CALENDAR/IMPRINT

LETTER OF THE MANAGEMENT BOARD

Dear Shareholders, Ladies and Gentlemen,

The COVID-19 pandemic continued to dominate the current situation of both business and social life also in the third quarter of 2021. Despite increasing full immunization among the population through COVID-19 vaccination, the number of new infections has been rising in Germany since mid-July 2021, with the increase having accelerated since mid-October. Economic data were positive and indicated good labor market data and an impressive continuation of the COVID-19 recovery effects in many industries. However, sentiment has been dampened by increasing supply bottlenecks, some dramatic shortages of certain essential components for the industrial sector, and rising energy and transportation costs.

We are satisfied with the result of the past first nine months of 2021. Apart from the disposal of all shares held in the subsidiary Development Partner, which specializes in the development of commercial real estate, as well as the sale of the share in three additional commercial project developments at the beginning of the year, we succeeded in acquiring further residential project developments in the past reporting period. These transactions referred to three large residential urban quarter developments in Cologne, Dresden and Leipzig as well as one residential project development in Chemnitz. Including the additional attractive pipeline, our gross development volume (GDV) amounts to €6 billion as of September 30, 2021.

EBIT adjusted, which is a key financial indicator for us and represents operating profit plus the result from investments accounted for using the equity method, amounted to a total of €51.6 million in the first nine months of 2021, while earnings before taxes (EBT) amounted to €31.3 million as of the end of September 2021. Consolidated profit (earnings after tax) amounted to €31.4 million, corresponding to earnings per share of €0.17.

Our equity in the Group as at 30 September 2021 totals €387.8 million and the LTV, including near-cash receivables, is 56.8 per cent. Taking into account hidden reserves in relation to our development properties held as current assets, the LTV would be reduced to at least 44.9 percent based on prudent estimates.

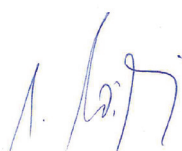
For the fiscal year 2021, we continue to expect an adjusted EBIT of €95–110 million and consolidated earnings before taxes (EBT) of €70–80 million.

Dear shareholders, we are grateful for your trust and look forward to a sustainable and successful cooperation with you.

Berlin, November 30, 2021



Tobias Meibom



Stefan Witjes

THE GATEWAY SHARE

DEVELOPMENT OF THE STOCK MARKETS

The international capital markets continued to present a mixed picture in the third quarter of 2021. This was highlighted, on the one hand, by good labor market data, an impressive continuation of the COVID-19 recovery effects in many sectors, and an overall positive economic trend. On the other hand, sentiment has been dampened by increasing supply bottlenecks, some dramatic shortages of certain essential components for the industrial sector such as semiconductors, and rising energy and transportation costs. In the automotive industry, which is very important for Germany, there is talk of a “chip crisis” and, in general, international supply chain issues might slow down the German economy, which is strongly dependent on the manufacturing sector. In addition, growth in the USA also decelerated already in the third quarter of 2021.

While major European indices, such as the EURO STOXX 50 or the German DAX, started the third quarter of 2021 on a euphoric note, in some cases reaching new highs in mid-August and early September, they ended September lower than at the beginning of the third quarter. Moreover, this period saw what Deutsche Börse deemed the “most comprehensive index reform in the history of the DAX” and the expansion of its flagship index DAX from 30 to 40 companies effective September 20.

PERFORMANCE OF THE GATEWAY SHARES

In the third quarter of 2021, the shares of Gateway Real Estate AG were trading within a range from €2.63 to €3.00 on the XETRA trading platform (XETRA closing prices, respectively). The share price reached its high on July 21 and its low on September 23, 2021. As of the reporting date September 30, 2021, the XETRA closing price of the GATEWAY share was €2.69, thus only around 0.37 percent lower than the opening price for the third quarter on July 1, 2021 (€2.70).

GATEWAY’s market capitalization amounts to approximately €502 million as of the reporting date September 30, 2021.

ANNUAL GENERAL MEETING

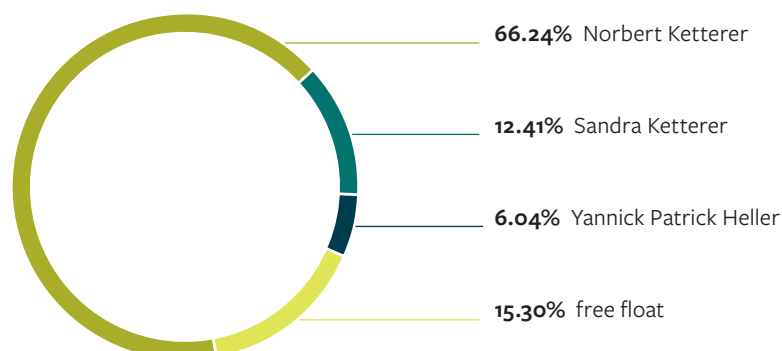
The Annual General Meeting of Gateway Real Estate AG was held on August 25, 2021. Due to the coronavirus pandemic, the Annual General Meeting 2021 was held as a virtual meeting for the second time. All resolution proposals made by the Management Board and the Supervisory Board were approved by a large majority of the Annual General Meeting. This included the proposal as regards the appropriation of profits for the fiscal year 2020, which will be carried forward in full to new account and which are intended to be invested in the Company's further growth. Further resolutions of the Annual General Meeting concerned, among other things, the formal approval of the actions of the Management Board and the Supervisory Board for the fiscal year 2020, new appointments to the Supervisory Board as well as the election of the auditor for the annual financial statements and the consolidated financial statements for the fiscal year 2021, which resulted in the appointment of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, Germany.

Further information and details on the voting results of the Ordinary Annual General Meeting 2021 can be found on the Company's website under: <https://www.gateway-re.de/en/investor-relations/annual-general-meeting/annual-general-meeting-2021/>

SHARE INFORMATION

ISIN/WKN	DE000A0JTG7 / A0JTG
Number of shares	186,764,040
Share capital	€186,764,040.00
Ticker symbol	GTY
Market segment	Regulated market (Prime Standard)
Subsector	Real estate
Trading venues	XETRA, Frankfurt am Main, Duesseldorf, Munich, Berlin, Hamburg, Stuttgart
Designated Sponsor	Credit Suisse
Opening price (January 4, 2021)	€3.06
Closing price (September 30, 2021)	€2.69
Highest price in the period (April 13, 2021)	€3.50
Lowest price in the period (September 27, 2021)	€2.44
Market capitalization (September 30, 2021)	€502.4 million

SHAREHOLDER STRUCTURE AS OF SEPTEMBER 30, 2021



INTERIM GROUP MANAGEMENT REPORT

1. FUNDAMENTAL INFORMATION ON THE GROUP AND STRATEGY

Gateway Real Estate AG (in the following also referred to as “GATEWAY”, “Company” or “Group”, in each case referring to the GATEWAY Group as a whole) is a leading listed developer of residential real estate in Germany with a market capitalization of more than €502 million (as of September 30, 2021). Established in 2006, GATEWAY and its subsidiaries can look back on extensive expertise in the German real estate market and are currently developing real estate with a gross development volume (GDV) of approximately €6 billion.

In this context, GATEWAY focuses on Germany’s Top 9 cities – Berlin, Dresden, Duesseldorf, Frankfurt am Main, Hamburg, Cologne, Leipzig, Munich and Stuttgart – as well as on selected high-growth areas and covers all of the important steps in the value creation chain of a development project with its own in-house teams. In all of its project developments, GATEWAY pursues the strategy of generating attractive margins and, at the same time, minimizing the project development risk by means of a detailed process management. In fiscal year 2020, the Management Board and the Supervisory Board jointly decided to build residential real estate in future also for the Company’s own portfolio (build-to-hold). In the context of this extended corporate strategy, GATEWAY increasingly seeks to develop residential real estate for long-term holding and administration to generate sustainable rental revenues. Accordingly, the Standing Assets and Residential Properties Development segments will be expanded further in the medium term. As set out in an ad hoc release dated February 3, 2021, GATEWAY sold all of its shares in Development Partner AG and three further project companies, thus discontinuing all of its business activities in the Commercial Properties Development segment in order to focus, in future, entirely on residential properties.

GATEWAY regularly carries out sensitivity analyses in connection with the calculation and supervision of projects, in which the effects of potential increases in construction costs are examined and suitable countermeasures taken to offset them are reviewed. Upon purchase, all our projects are generally evaluated and analyzed on an individual basis. In order to facilitate a close cost control and management, a regular internal meeting is held each month for each project, with the Management Board also being involved in each case. In connection with all sales of real estate and development projects, the Management Board, in turn, has to liaise with the Real Estate Committee, which consists of two members of the Supervisory Board and must grant its approval for the transaction.

When acquiring new plots of land, GATEWAY focuses on space where there are no finally approved zoning or land use plans. This enables GATEWAY to leverage potential value thanks to its long-standing expertise in the process of obtaining planning permissions and to actively determine the planning process for developments early on. GATEWAY’s focus as regards land purchases is always on real estate development rather than the speculative resale of undeveloped sites. Accordingly, GATEWAY also lives up to its corporate social responsibility by newly constructing much needed residential space in Germany’s metropolitan growth regions.

In connection with the sale of its development projects, GATEWAY exclusively addresses institutional investors, operates on the basis of lean and recurring sales structures and primarily follows a forward sales model pursuant to which properties are sold to investors once the building permit is obtained. GATEWAY then completes the projects, but generates revenue already upon the conclusion of a forward sales contract based on the progress of the construction activities. This strategy, together with contractually agreed payment schedules, enables GATEWAY to generate long-term and stable cash flows from its development projects.

GATEWAY continues the existing standing asset business of commercial real estate in order to diversify risks.

2. BUSINESS DEVELOPMENT

The first nine months of 2021 saw the implementation of the expanded corporate strategy, which had been resolved in the fiscal year 2020; in future, the Company will increasingly seek to develop residential real estate. In February 2021, GATEWAY sold all of its shares in Development Partner AG and three additional project companies, thus completely discontinuing its activities in the Commercial Properties Development segment. Also in February 2021, GATEWAY acquired two residential development sites in Cologne and Dresden. During the remainder of the first nine months, the Company also managed to acquire additional residential development sites in Chemnitz and one city quarter development in Leipzig.

3. FINANCIAL POSITION

The financial position in the third quarter of 2021 continues to be characterized by the successful implementation of the strategy adjustment and the focus on the residential sector. Accordingly, the acquisition of the two large residential development sites in Cologne and Dresden in the first three months and the land purchase in Chemnitz completed during the remainder of the year resulted in the almost full elimination of the accounting effects from the sale of the subsidiaries of the Commercial Properties Development segment on the financial position as of September 30, 2021.

Accordingly, GATEWAY Group's total assets slightly increased from €1,117.6 million as of December 31, 2020 by €45.5 million to a total of €1,163.2 million as of September 30, 2021.

On the assets side, the increase was primarily attributable to non-current assets, which rose by €47.5 million and totaled €305.1 million. Current assets declined slightly by 0.2% or €1.8 million to €858.1 million, thus being somewhat below the previous year's level.

The growth of non-current assets mainly results from the non-current portion of the existing loan receivables (including interest) of €64.6 million due from the disposed companies of the Commercial Properties Development segment. This was offset by the disposal of the pro rata share in goodwill in the amount of €24.0 million and the disposals of the investments accounted for using the equity method in the amount of €7.1 million.

The value of the investment properties held by the Group amounted to €208.8 million as of the reporting date. The increase of €23.9 million primarily results from a standing asset in Duisburg, which was included in the consolidated financial statements of Gateway Real Estate AG by way of full consolidation for the first time due to the acquisition of additional shares in the company Duisburg EKZ 20 Objekt GmbH in the first quarter of 2021, and from the further progress made with respect to a construction project held in the Company's portfolio.

In terms of current assets, the total carrying amount of inventories fell from €667.0 million by €587.5 million due to deconsolidation measures. However, this was offset by the increase in inventories attributable to the three acquired development projects in Cologne, Dresden and Chemnitz, and additional ongoing developments, resulting in an overall decrease of €123.6 million as of September 30, 2021.

At the same time, current other financial assets also increased by €154.0 million, which mainly involves claims arising under shareholder loans remaining in the selling entities. €52.4 million of the original claims were already repaid in the first nine months of fiscal year 2021.

As a result of the completed sale of a property in Hamburg, which was already reported under non-current assets held for sale and was measured at fair value, this item decreased by €15.8 million to €38.4 million.

Since the sales proceeds received were fully used to repay debt and to carry out further acquisitions, the balance of cash and cash equivalents amounted to €22.4 million as of September 30, 2021, a decline by €28.2 million. Deconsolidation measures accounted for €22.7 million of that amount.

In terms of liabilities, the Group's non-current liabilities amounted to €457.2 million as of the reporting date (December 31, 2020: €197.2 million); the major portion of that amount is attributable to non-current financial liabilities in the amount of €421.0 million (December 31, 2020: €146.3 million). The substantial increase by 187.7% results from the newly acquired project companies (€224.1 million) and the assumed financing of the standing asset (€5.0 million). As a result of successful loan extensions and the exchange of the bond that expired in the first half of the year in the amount of €102.0 million, non-current financial liabilities increased even more significantly than at the end of the first quarter. At the same time, deconsolidation measures led to an amount of €74.8 million being derecognized from the consolidated statement of financial position.

Current liabilities totaled €318.2 million as of September 30, 2021 (December 31, 2020: €560.6 million). The largest portion of that amount (€205.8 million) refers to trade payables (December 31, 2020: €68.6 million). The significant increase by €137.2 million results from the liabilities in the amount of €63.0 million in connection with the purchase price for acquired land assumed as part of the acquisition of the project company in Cologne and from the outstanding liabilities for the purchase of shares in Borussia Development GmbH in the amount of €63.2 million, including interest. An amount of €8.6 million was already repaid in the third quarter.

In addition, current financial liabilities account for €98.2 million (December 31, 2020: €459.7 million). They declined primarily due to the sale of the Commercial Properties Development segment by €361.5 million and due to repayments. Moreover, the extension of a short-term bond until 2025 led to a reclassification of an amount of €102.0 million to non-current liabilities. This is offset by the financings in the amount of €79.6 million assumed within the context of the newly acquired project companies.

The GATEWAY Group's equity as of September 30, 2021 amounted to €387.7 million (December 31, 2020: €359.8 million). The increase is primarily the result of the positive consolidated total comprehensive income in the amount of €31.4 million. Accordingly, the Group's equity ratio rose from 32.2% at the end of the prior year to now 33.3% as of September 30, 2021.

4. CASH FLOWS

The cash inflows and outflows in the first nine months of 2021 overall led to a decrease in cash as of September 30, 2021, primarily caused by cash flows from financing activities due to repayments of loans as well as by cash and cash equivalents disposed in connection with the sale of the Commercial Properties Development segment. At the same time, there were cash inflows in connection with payments of purchase price installments that were recorded as part of the cash flows from investing activities.

CONDENSED CASH FLOW STATEMENT:

in € thousand	01/01 – 09/30/2021	01/01 – 09/30/2020
Cash flows from operating activities	-49,279	-92,411
Cash flows from investing activities	59,665	-1,529
Cash flows from financing activities	-38,546	-67,500
Net decrease/increase in cash and cash equivalents	-28,160	-161,440
Cash and cash equivalents as of 01/01	50,549	216,045
Cash and cash equivalents as of the end of the period	22,389	54,605

The negative cash flows from operating activities were reduced by €43.1 million compared to the prior-year period and amounted to €-49.3 million in the first nine months of the fiscal year 2021.

The positive development compared to the prior-year period is due to the strong expansion of inventories by €130.5 million in the previous year and the associated outflow of cash and cash equivalents. At the same time, the prior-year period was influenced by inflows from purchase price payments arising under forward sales entered into in relation to three development projects in the amount of €79.2 million.

The positive cash flows from investing activities of €59.7 million (9M 2020: €-1.5 million) resulted primarily from the inflows arising in relation to the purchase price installments from the sale of the Commercial Properties Development segment, net of cash and cash equivalents acquired and disposed in the amount of €39.9 million. The total also includes the cash receipts from the repayments of two shareholder loans in the amount of €19.3 million in the second quarter of 2021 and of €33.1 million in the third quarter of 2021, which remained in the selling company.

The negative cash flows from financing activities in the amount of €-38.5 million (9M 2020: €-67.5 million) is primarily due to the repayment of loans in the amount of €83.0 million. This was offset by new borrowings in connection with the acquisition of properties and the financing of construction activities in a total amount of €46.4 million. The net decrease resulting from the abovementioned cash flows in the first nine months of the fiscal year 2021 totaled €28.2 million, resulting in a reduction of cash and cash equivalents to €22.4 million as of September 30, 2021. As of the previous reporting date (December 31, 2020), cash and cash equivalents had amounted to €50.5 million.

5. FINANCIAL PERFORMANCE

The successful disposal of the Commercial Properties Development segment in February 2021 as well as the deconsolidation of the related companies conducted in March 2021 had a positive effect on the Group's financial performance. Following the strategic decision to discontinue all of the segment's activities, the transaction met the criteria set out in IFRS 5 for a presentation as a discontinued operation. Accordingly, presentation was adjusted also for the prior year quarter, and all expense and income items were reported separately in the statement of profit or loss.

In the first quarter of 2021, a positive result from deconsolidation in the amount of €42.2 million was reported under other operating income of the discontinued operation. The current results of the subsidiaries, which remained fully consolidated until March 2021, are also included in the consolidated statement of comprehensive income and reported in separate columns.

The acquisition of the two large residential development sites in Cologne and Dresden had no significant influence on financial performance since both projects were realized through the acquisition of company shares. Due to the tight timeframe for reporting, adjustments may still be made in the context of these transactions. At present, we do not expect such adjustments to have any material effect on financial position, financial performance, and cash flows.

In the first nine months of the fiscal year 2021, revenue declined to €17.1 million, after €42.3 million in the previous year. Of that amount, €10.3 million (9M 2020: €38.8 million) are attributable to the discontinued operation, which is allocated to the Commercial Properties Development segment in the amount of €4.9 million (9M 2020: €32.8 million) and to the Residential Properties Development segment in the amount of €5.4 million (9M 2020: €6.0 million). The revenue generated by the discontinued operation in the first nine months of the fiscal year 2021 mainly result from further work toward completion in relation to the three forward sale agreements in the amount of €9.2 million. The remaining revenue was mainly generated from lettings in the project companies. In the prior period, the Group had recognized revenue from the discontinued operation in the amount of €21.2 million in connection with a forward deal newly entered into as part of a development project in Duesseldorf and the further work toward completion of two existing projects in the amount of €12.8 million.

Revenue of the continuing operation primarily results from lettings in the amount of €4.6 million (9M 2020: €2.9 million).

Gross profit amounted to €95.6 million (9M 2020: €178.3 million), which, in addition to the revenues mentioned above, comprises changes in inventories of finished goods and work in progress of €35.3 million (9M 2020: €133.1 million) – largely consisting of capitalized construction costs and construction period interest – and other operating income in a total amount of €43.2 million (9M 2020: €2.9 million).

The strategic adjustment implemented successfully in the first quarter and the re-focus on the two segments of Residential Properties Development and Standing Assets initially lead to a lower gross profit compared to the prior-year period since forward deals have not yet been concluded for the newly acquired projects.

In the reporting period, the costs for raw materials and consumables used decreased in line with gross profit by €113.8 million over the prior-year period to €30.5 million and mainly consist of the construction costs of the inventory properties (€19.6 million), acquisition costs for land (€6.7 million) as well as management costs for the rented properties (€4.2 million).

In the first nine months of the fiscal year 2021, the employee benefits expense declined by €1.4 million to €5.8 million. Fair value changes in investment properties and valuation of properties held as inventory amounted to €-1.1 million. Other operating expenses amounted to €5.8 million (9M 2020: €9.3 million) and are primarily attributable to legal and consulting costs as well as accounting and closing costs. In the prior period, the figure included expenses for a compensation payment in the amount of €1.9 million. In the first nine months of the fiscal year 2021, GATEWAY achieved an overall operating profit of €51.6 million (9M 2020: €32.3 million). Of that amount, €45.7 million refer to the discontinued operation (9M 2020: €20.6 million).

Net finance costs in the first nine months of the fiscal year 2021 amounted to €-20.4 million (9M 2020: €-19.5 million) and include finance costs of €-25.6 million (9M 2020: €-20.5 million). Finance costs are partially offset by finance income in the amount of €5.3 million (9M 2020: €1.9 million), mainly resulting from receivables under vendor notes.

Earnings before tax (EBT) amounted to €31.3 million (9M 2020: €12.9 million). After taking into account positive income taxes of €-0.2 million (9M 2020: €5.7 million), consolidated profit for the first nine months of the fiscal year 2021 amounted to €31.4 million (9M 2020: €7.1 million). This corresponds to basic earnings per share of €0.17 (9M 2020: €0.04) and diluted earnings per share of €0.17 (9M 2020: €0.04). EBIT adjusted amounted to €51.6 million (9M 2020: €32.2 million).

6. REPORT ON RISKS AND OPPORTUNITIES

The risks that Gateway Real Estate AG is exposed to within the framework of its business activities, as well as the opportunities arising for the Company were described in detail in the 2020 Annual Report on pages 51–56. In this context, the Group's risk management system was explained, property-specific and company-specific risks were presented, and their respective probability of occurrence as well as their potential financial effects were classified based on a risk classification.

The potential effects resulting from the COVID-19 pandemic were also taken into account in the annual report 2020. In the meantime, about 60 percent of the total population in Germany has been fully vaccinated against the novel coronavirus and about 65 percent have received at least one vaccine dose. The vaccination rate is expected to rise further in the coming weeks, although the momentum is assumed to decelerate. At the same time, experts fear a faster spread of the virus among the unvaccinated population due to the growing dominance of the so-called Delta variant of the virus, which is considered more contagious compared to the originally dominating virus variant. The apparent successes in pandemic control therefore continue to be exposed to serious risks. Consequently, there continues to be no reason for a fundamental reassessment of the situation. Against this backdrop, GATEWAY does not see any significant changes in risks and the associated assessment based on the risk classification compared with the statements given in the 2020 Annual Report. We, therefore, refer to the discussion in the group management report for the fiscal year from January 1 to December 31, 2020.

As regards the opportunities for the Group, GATEWAY refers to the fact that a substantial slowdown of the economy and also recessionary trends, as could be observed following the COVID-19 pandemic, also offers new opportunities in the procurement market in terms of property and land acquisition. The financial difficulties of other companies may open up opportunities to acquire properties in particularly attractive locations or subject to particularly good terms. For further details, we refer to the report on opportunities in the 2020 Annual Report on pages 55–56.

7. REPORT ON EXPECTED DEVELOPMENTS

OUTLOOK FOR THE GATEWAY GROUP

In its 2020 Annual Report, GATEWAY communicated a qualified forecast for the fiscal year 2021. Accordingly, the Management Board expects an adjusted EBIT of €95–110 million and consolidated earnings before taxes (EBT) of €70–80 million for the fiscal year 2021. The main drivers for business development are the sale of the entire commercial property portfolio in the first quarter of 2021 as well as future planned sales in the context of forward sale transactions in the Residential Properties Development segment. In view of the business development in the first nine months of 2021, the Management Board confirms its forecast.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021

IFRS CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2021

ASSETS

in € thousand	09/30/2021	12/31/2020
Non-current assets		
Intangible assets and goodwill	16,128	40,429
Property, plant and equipment	789	3,501
Investment properties	208,813	184,920
Investments accounted for using the equity method	28	7,130
Other non-current financial assets	69,202	8,817
Other non-current non-financial assets	2,457	2,562
Deferred tax assets	7,696	10,285
	305,113	257,644
Current assets		
Inventories	543,381	666,985
Trade receivables	1,881	1,431
Income tax receivables	3,502	3,616
Other financial assets	182,544	28,525
Other non-financial assets	65,953	54,726
Cash and cash equivalents	22,389	50,549
Non-current assets held for sale	38,400	54,150
	858,050	859,982
	1,163,163	1,117,626

EQUITY AND LIABILITIES

in € thousand	09/30/2021	12/31/2020
Equity		
Subscribed capital	186,764	186,764
Reserves	-389,131	-389,131
Retained earnings	586,997	557,411
Non-controlling interests	3,141	4,776
	387,771	359,820
Non-current liabilities		
Non-current financial liabilities	420,976	146,342
Deferred tax liabilities	34,983	47,836
Other non-current financial liabilities	1,236	3,009
	457,195	197,187
Current liabilities		
Other current provisions	0	452
Current financial liabilities	98,163	459,652
Income tax liabilities	4,213	7,127
Trade payables	205,810	68,649
Other financial liabilities	8,922	7,506
Other non-financial liabilities	1,089	17,233
	318,197	560,619
	1,163,163	1,117,626

IFRS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FROM JANUARY 1 TO SEPTEMBER 30, 2021

in € thousand	01/01 – 09/30/2021			01/01 – 09/30/2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Revenue	6,806	10,252	17,058	3,543	38,756	42,299
Changes in inventories of finished goods and work in progress	24,735	10,597	35,332	90,542	42,578	133,120
Other operating income	801	42,443	43,244	2,342	580	2,922
Gross profit	32,342	63,292	95,634	96,427	81,914	178,341
Raw materials and consumables used	-15,400	-15,125	-30,525	-92,111	-52,145	-144,256
Employee benefits expense	-4,130	-1,677	-5,807	-2,478	-4,715	-7,193
Fair value changes in investment properties and valuation of properties held as inventory and in non-current assets held for sale	-1,107	0	-1,107	15,350	0	15,350
Depreciation and amortization expense	-745	-34	-779	-164	-427	-591
Other operating expenses	-5,086	-719	-5,805	-5,301	-4,016	-9,317
Operating profit	5,874	45,737	51,611	11,723	20,611	32,334
Profit or loss from investments accounted for using the equity method, after taxes	0	0	0	35	-161	-126
Finance income	5,335	-87	5,248	885	1,055	1,940
Finance costs	-20,850	-4,755	-25,605	-5,291	-15,200	-20,491
Other finance costs, net	0	0	0	-324	-457	-781
Net finance costs	-15,515	-4,842	-20,357	-4,695	-14,763	-19,458
Profit before tax	-9,641	40,895	31,254	7,027	5,848	12,875
Income tax expense	691	-518	173	-4,278	-1,463	-5,741
Profit for the period	-8,950	40,377	31,427	2,749	4,385	7,134
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the period	-8,950	40,377	31,427	2,749	4,385	7,134
Attributable to equity holders of the parent company	-8,462	40,495	32,033	2,735	4,097	6,832
Attributable to non-controlling interests	-488	-118	-606	14	288	302
Earnings per share (basic)	0.22	-0.05	0.17	0.02	0.02	0.04
Earnings per share (diluted)	0.22	-0.05	0.17	0.02	0.02	0.04

IFRS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FROM JULY 1 TO SEPTEMBER 30, 2021

in € thousand	07/01 – 09/30/2021			07/01 – 09/30/2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Revenue	2,181	0	2,181	1,284	5,852	7,136
Changes in inventories of finished goods and work in progress	8,200	0	8,200	49,726	15,600	65,326
Other operating income	134	0	134	293	0	293
Gross profit	10,515	0	10,515	51,303	21,452	72,755
Raw materials and consumables used	-6,443	0	-6,443	-50,963	-13,524	-64,487
Employee benefits expense	-1,891	0	-1,891	-808	-1,462	-2,270
Fair value changes in investment properties and valuation of properties held as inventory and in non-current assets held for sale	245	0	245	-60	0	-60
Depreciation and amortization expense	-89	0	-89	-52	-152	-204
Other operating expenses	-2,216	0	-2,216	-980	-900	-1,880
Operating profit	121	0	121	-1,560	5,414	3,854
Profit or loss from investments accounted for using the equity method, after taxes	0	0	0	0	-25	-25
Finance income	1,895	0	1,895	567	348	915
Finance costs	-8,711	0	-8,711	-1,510	-3,172	-4,682
Other finance costs, net	0	0	0	-275	-176	-451
Net finance costs	-6,816	0	-6,816	-1,218	-3,025	-4,243
Profit before tax	-6,695	0	-6,695	-2,779	2,389	-390
Income tax expense	654	0	654	40	-265	-225
Profit for the period	-6,041	0	-6,041	-2,739	2,124	-615
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the period	-6,041	0	-6,041	-2,739	2,124	-615
Attributable to equity holders of the parent company	-5,691	0	-5,691	-2,679	1,983	-696
Attributable to non-controlling interests	-350	0	-350	-60	141	81
Earnings per share (basic)	-0.03	0.00	-0.03	-0.01	0.01	0.00
Earnings per share (diluted)	-0.03	0.00	-0.03	-0.01	0.01	0.00

IFRS CONSOLIDATED STATEMENT OF CASH FLOWS

FROM JANUARY 1 TO SEPTEMBER 30, 2021

in € thousand	01/01 – 09/30/2021	01/01 – 09/30/2020
Cash flows from operating activities		
Total comprehensive income for the period	31,427	7,134
Adjustments for:		
Amortization of intangible assets	65	6
Depreciation of property, plant and equipment	714	585
Changes in fair value of investment properties and valuation of properties held as inventory	988	-2,277
Changes in fair value of non-current assets held for sale (properties)	119	-13,073
Profit or loss from investments accounted for using the equity method, after taxes	0	126
Distributions received from investments accounted for using the equity method	1,120	3,660
Profit or loss from the sale of other financial assets	0	-876
Impairment on trade receivables	-96	-44
Other non-cash expenses/income	-509	-91
Other finance costs, net	0	781
Tax expenses	-172	5,741
Profit or loss from the sale of property, plant and equipment	-4	0
Profit or loss from the sale of fully-consolidated subsidiaries	-42,107	-431
Net finance costs	20,356	18,551
Changes in:		
Inventories	-41,150	-130,529
Trade receivables and other receivables	-3,059	-4,910
Other financial assets	-14,030	37,444
Non-financial assets	-13,018	-4,964
Trade payables and other payables	18,430	10,482
Non-financial liabilities	2,542	2,059
Other provisions as well as assets and provisions for employee benefits	-12	-578
Changes in other financial liabilities	-3,731	0
Assets and liabilities held for sale	4,250	0
Interest paid	-10,536	-18,203
Income taxes received	117	1,058
Income taxes paid	-983	-4,061
Cash flows from operating activities	-49,279	-92,411
Cash flows from investing activities		
Cash inflows from the sale of other financial assets	0	15,050
Interest received	0	163
Payments for investments in investment properties	-7,708	0
Purchase of intangible assets	-144	-363
Purchase of property, plant and equipment	-113	-202
Purchase of other financial assets	-7,800	-15,050
Payments for additions to consolidation group less cash and cash equivalents acquired	2,487	0
Sale of consolidated companies less cash and cash equivalents transferred	73,062	0
Cash outflows for investments in properties held for sale (IFRS 5)	-119	-1,127
Cash flows from investing activities	59,665	-1,529
Cash flows from financing activities		
Cash inflows from new (financial) loans	-83,079	138,156
Repayment of borrowings	0	-148,853
Payments for lease liabilities	-343	-307
Transaction costs for loans and borrowings	0	-20
Fees for financial liabilities not utilized	0	-447
Dividends paid to shareholders of the parent company	0	-56,029
Other equity-related measures	-1,500	0
Repayments of loans	46,376	0
Cash flows from financing activities	-38,546	-67,500
Net change in cash and cash equivalents	-28,160	-161,440
Cash and cash equivalents as of 01/01	50,549	216,045
Cash and cash equivalents as of the end of the period	22,389	54,605

IFRS CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM JANUARY 1 TO SEPTEMBER 30, 2021

in € thousand	Equity attributable to equity holders of the parent company				Non-controlling interests	Total equity
	Subscribed capital	Reserves	Retained earnings	Total		
Balance as of 01/01/2020	186,764	-22,804	156,778	320,738	5,253	325,991
Profit/loss	0	0	6,832	6,832	302	7,134
Dividend payment	0	0	-56,029	-56,029	0	-56,029
Balance as of 09/30/2020	186,764	-22,804	107,581	271,541	5,555	277,096
Balance as of 01/01/2021	186,764	-389,131	557,411	355,044	4,776	359,820
Profit/loss	0	0	32,033	32,033	-606	31,427
Change in the scope of consolidation/disposal of shares	0	0	-2,447	-2,447	-1,029	-3,476
Balance as of 09/30/2021	186,764	-389,131	586,997	384,630	3,141	387,771

FINANCIAL CALENDAR

November 22–24, 2021

Deutsches Eigenkapitalforum

IMPRINT

Publisher

Gateway Real Estate AG
Hardenbergstr. 28a
10623 Berlin, Germany

Tel. +49 30 40 363 47-0
Fax +49 30 40 363 47-99

info@gateway-re.de
www.gateway-re.de

Project management

GFD – Gesellschaft für Finanzkommunikation mbH,
Frankfurt/Main, Germany

Design

Ligaturas GmbH – Reportdesign, Hamburg, Germany